

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - x

UNITED STATES OF AMERICA : INDICTMENT

-v.- :

12 Cr.

SCOTT SANDERS, . :

Defendant.

12 CRIM 574

- - - - - x

COUNT ONE

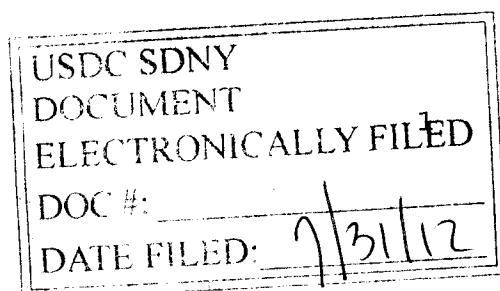
(Conspiracy to Commit Mail and Wire Fraud)

Background

The Grand Jury charges:

1. At all times relevant to this Indictment, in New York State, owners of fleets of commercial vehicles ("Fleets" and "Fleet Owners"), including livery cars and ambulettes, were required to secure and obtain commercial automobile liability and physical damage insurance coverage ("Auto Insurance").

2. Auto Insurance policy premiums are based, in part, on where the vehicles to be insured are garaged and operated. Vehicles that are principally garaged or operated in New York City are charged a substantially higher insurance premium than vehicles that are principally garaged or operated in locations elsewhere in New York and adjoining states.



3. In New York State, Fleet Owners may obtain Auto Insurance through the voluntary market, in which a Fleet Owner, either on its own or through an insurance broker, obtains Auto Insurance coverage directly from an insurance provider.

4. In New York State, Fleet Owners who are unable to secure Auto Insurance through a willing insurance agent in the voluntary market can get insurance through the New York Automobile Insurance Plan (the "NYAIP"), an entity established pursuant to New York State Insurance Law. Brokers certified by the NYAIP can submit policy applications to the NYAIP on behalf of applicants. The NYAIP then assigns the application to an insurance carrier doing business in New York State and forwards the assigned carrier the policy application by mail. The carrier to which NYAIP assigns the application is required to provide insurance coverage to the applicant.

5. At various times relevant to this Indictment, SCOTT SANDERS, the defendant, was a Fleet Owner and also assisted other Fleet Owners in obtaining Auto Insurance.

6. At various times relevant to this Indictment, a co-conspirator not named as a defendant herein ("CC-1"), worked as an Auto Insurance broker.

7. At various times relevant to this Indictment, a co-conspirator not named as a defendant herein ("CC-2"), worked as an Auto Insurance broker.

The Scheme to Defraud

8. In order to defraud insurance companies of money, SCOTT SANDERS, the defendant, together with others known and unknown, caused to be mailed and electronically transmitted to the NYAIP and to private insurers insurance applications for Fleets owned by SANDERS and others in which the true locations at which the vehicles were garaged and operated were misrepresented, and deliberately caused to be added to policies additional vehicles whose true garaging locations were misrepresented, and caused the mailing and electronic transmission of insurance policies, insurance certificates, and insurance identification cards, in order to obtain insurance for the vehicles at much lower rates than the vehicles were eligible for based on their true locations of garaging and operation.

9. In particular, SCOTT SANDERS, the defendant, together with others known and unknown, represented that vehicles for which Auto Insurance was sought were garaged and operated outside New York City, in order to obtain insurance at rates substantially lower than those applicable to vehicles garaged and operated in New York City, which in fact was where the vehicles were garaged and operated.

10. In certain instances, once the Auto Insurance policies were issued, SCOTT SANDERS, the defendant, together with others known and unknown, added to the policies additional vehicles operating in New York City, and defrauded the policy

issuers of funds by falsely representing that the additional vehicles were principally garaged in the same location outside New York City as listed in the initial application for the policy in question.

11. SCOTT SANDERS, the defendant, together with others known and unknown, thereby sought to obtain, and did obtain, Auto Insurance at substantially lower rates than would have been charged based on the vehicles' true locations of garaging and operation. In this manner, SANDERS and his co-conspirators defrauded insurance companies out of millions of dollars in lost Auto Insurance premiums and in claims that the insurance companies paid out on the fraudulently-obtained policies.

Statutory Allegation

12. From at least in or about 2003 through in or about 2012, in the Southern District of New York and elsewhere, SCOTT SANDERS, the defendant, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit mail and wire fraud in violation of Sections 1341 and 1343 of Title 18, United States Code.

13. It was a part and object of the conspiracy that SCOTT SANDERS, the defendant, and others known and unknown, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses,

representations and promises, for the purpose of executing such scheme and artifice and attempting so to do, would and did place in a post office and authorized depository for mail matter, matters and things to be sent and delivered by the Postal Service, and would and did deposit and cause to be deposited matters and things to be sent and delivered by private and commercial interstate carriers, and would and did take and receive therefrom, matters and things, and would did cause to be delivered by mail and such carriers according to the direction thereon and at the place at which it was directed to be delivered by the person to whom it was addressed, such matters and things, in violation of Title 18, United States Code, Section 1341.

14. It was a further part and an object of the conspiracy that SCOTT SANDERS, the defendant, and others known and unknown, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, would and did transmit and cause to be transmitted by means of wire and radio communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

(Title 18, United States Code, Section 1349.)

COUNTS TWO THROUGH SIX

(Mail Fraud)

The Grand Jury further charges:

15. The allegations contained in Paragraphs 1 through 11 are realleged and incorporated by reference as if fully set forth herein.

16. In or about the months stated below, in the Southern District of New York and elsewhere, SCOTT SANDERS, the defendant, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, for the purpose of executing such scheme and artifice and attempting so to do, did place in a post office and authorized depository for mail matter, matters and things to be sent and delivered by the Postal Service, and did deposit and cause to be deposited matters and things to be sent and delivered by private and commercial interstate carriers, and did take and did receive therefrom, such matters and things, and did cause to be delivered by mail and such carriers according to the direction thereon and at the place at which it was directed to be delivered by the person to whom it was addressed, such matters and things, and did aid, abet, counsel, command, induce, and procure the commission of the same offense, to wit, SANDERS sent and delivered, caused to be sent and delivered, and aided and abetted the sending and delivery of documents pertaining to

the obtaining of Auto Insurance, for the purpose of defrauding insurance companies through false and fraudulent pretenses and representations concerning the areas in which the vehicles to be insured were garaged and were operated, as set forth below:

<u>COUNT</u>	<u>Company Identified As Policy Applicant</u>	<u>Approximate Month of Mailing(s)</u>	<u>Recipient of Mailing(s)</u>	<u>False Matters in Mailings</u>
TWO	Service Pro (Policy No. NXX1435455)	August 2008	NYAIP	Purported Location of Garaging and/or Operation in Amenia, NY
THREE	Regal Palms Service Corp. (Policy No. CNY00070997169)	November 2008	NYAIP	Purported Location of Garaging and/or Operation in Amenia, NY
FOUR	Regal Palms Service Corp. (Policy No. NXX143845)	November 2009	NYAIP	Purported Location of Garaging and/or Operation in New Windsor, NY
FIVE	Sensible Management Services (Policy No. AHY3586198)	February 2009	Insured	Purported Location of Garaging and/or Operation in Armenia, NY
SIX	Allsta (NYAIP No. S55192007166)	June 2010	NYAIP	Purported Location of Garaging and/or Operation in Amenia, NY

(Title 18, United States Code, Sections 1341 and 2).

COUNT SEVEN

(Aggravated Identity Theft)

The Grand Jury further charges:

17. The allegations in paragraphs 1 through 11 and 17 are repeated and realleged as if fully set forth herein.

18. From in or about 2003, up to and including in or about 2012, in the Southern District of New York and elsewhere, SCOTT SANDERS, the defendant, willfully and knowingly did transfer, possess, and use, without lawful authority, a means of identification of another person, during and in relation to the felony violations charged in Counts One through Six of this Indictment, to wit, SANDERS, in applications for Auto Insurance, falsely and fraudulently listed individuals, together with their dates of birth, driver's license numbers, and other means of identification, as the presidents, officers, owners, operators, and other representatives of Fleets applying for the Auto Insurance.

(Title 18, United States Code, Sections 1028A(a)(1),
1028A(b), and 2.)

FORFEITURE ALLEGATION

19. As a result of committing one or more of, mail fraud, wire fraud, and aggravated identity theft offenses alleged in Counts One through Seven, SCOTT SANDERS, the defendant, shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable

to the offenses, including but not limited to at least approximately \$10,000,000 in United States currency, in that such sum in aggregate is property representing the amount of proceeds obtained as a result of the offense.

Substitute Assets Provision

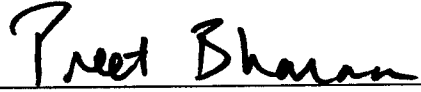
20. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

it is the intention of the United States, pursuant to 21 U.S.C. § 853(p) and 28 U.S.C. § 2461(c), to seek forfeiture of any other property of said defendants up to the value of the above-described forfeitable property.

(Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).)


FOREPERSON


PREET BHARARA
United States Attorney

Form No. USA-33s-274 (Ed. 9-25-58)

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SCOTT SANDERS,

Defendant.

INDICTMENT

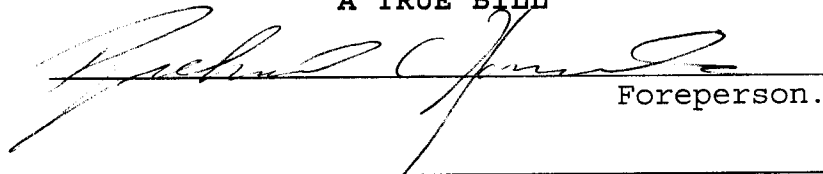
12 Cr.

(18 U.S.C. §§ 1341, 1343, 1349,
1028A(a)(1), 1028A(b) and 2.)

PREET BHARARA

United States Attorney.

A TRUE BILL


Foreperson.

7/31/12
MB

Indictment filed under Seal with
Arrest Warrant for dett Sanders. Ellis
USNY